

Congress of the United States
House of Representatives
Washington, DC 20515-1309

October 12, 2017

Mr. Mitch Bainwol
President & CEO
Alliance of Automobile Manufacturers
803 7th Street NW, Suite 300
Washington, DC 20001

Dear Mr. Bainwol:

I am writing regarding the recent admission by Kobe Steel that its employees falsified quality inspection data about the products that it sold.¹ Kobe Steel is a Japanese manufacturer of steel, aluminum, copper, and other material products used in vehicles sold to U.S. consumers by major automakers.²

Kobe Steel disclosed on Sunday, October 8, 2017, that it had faked inspection certificates for some aluminum and copper products, and admitted today that data on iron powder and a fourth product may have been falsified as well.³ The falsification was intended to make the products look like they met customers' quality standards when, in fact, they did not.⁴ Some of the standards for which fake inspection certifications were provided address vital properties such as durability and tensile strength.⁵ A Kobe Steel executive described the falsification as "systemic" and said that the practice may have been occurring for the past ten years.⁶

Kobe Steel has stated that the substandard products were delivered to more than 200 unidentified companies.⁷ Three Auto Alliance members—Toyota, Mitsubishi, and Mazda—have already confirmed that they may be affected, while two more—Ford and General Motors—have confirmed they are investigating.⁸ Toyota and Mazda have said the substandard aluminum may

¹ *Kobe Steel Admits It May Have Faked Data on More Products*, Automotive News (Oct. 11, 2017).

² *Id.*

³ *Id.*

⁴ *Japan's Kobe Steel Accused of Falsifying Metal Durability Data*, Chicago Tribune (Oct. 20, 2017).

⁵ *Id.*; *Kobe Steel's Falsified Data is Another Blow to Japan's Reputation*, New York Times (Oct. 10, 2017).

⁶ See note 4

⁷ *Id.*

⁸ *Aluminum Supplier Scandal Forces Toyota, Nissan to Check Car Safety*, Wall Street Journal (Oct. 11, 2017); *Kobe Steel's Falsified Data is Another Blow to Japan's Reputation*, New York Times (Oct. 10, 2017).

be used in their vehicles' hoods, which could affect safety in a crash.⁹ And according to Kobe Steel, its iron powder is used in a wide range of vehicle components, including brakes, engines, and steering mechanisms.¹⁰

I understand that investigations into this situation are ongoing, but it is important to get available information quickly for consumers who wonder if the vehicles they are driving may be unsafe. I therefore request that you provide by October 27, 2017, a list of Auto Alliance member companies that use or may have used affected materials from Kobe Steel in vehicles for sale in the United States in the past ten years. I also request a briefing for staff with representatives responsible for safety and supply chain management from Toyota, Mitsubishi, Mazda, Ford, General Motors, and any other member company that may be affected to address the following questions:

1. Do you know which and how many vehicles produced over the past ten years may contain substandard materials? How long will it take you to confirm whether the affected products are in vehicles on the road or are used in vehicles currently in production or on lots?
2. What materials from Kobe Steel do your vehicles contain? What parts of the vehicle are the products used in?
3. Are you working with your suppliers to determine if they used potentially substandard materials in products you purchased from them?
4. If there are substandard Kobe Steel products in your vehicles, what is the effect on the safety of the vehicle's hood, brakes, engines, steering mechanisms, suspension systems, and any other affected areas?
5. How are you responding to consumer questions on the issue? Are you preparing now so that you have supplies to make repairs quickly in case recalls are necessary?

Thank you for your prompt attention to this matter.

Sincerely,



Jan Schakowsky
Ranking Member
Digital Commerce and Consumer Protection
Subcommittee

⁹ *Id.*

¹⁰ *See* note 1.